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U.S. House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

November 4, 2004

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Mr. David M. Walker
Comptroller General of the United States
United States General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Walker:

Pursuant to its responsibility and authority under rules X and XI of the Rules of the House of Representatives, the Committee on Financial Services is continuing its oversight of the Nation's housing market and potential barriers to home ownership. I am writing to request that the General Accounting Office review and report on how the provision of real estate services may be affected by or benefit from new forms of information technology and electronic commerce.

The purchase or sale of a home is the most significant financial transaction most families ever undertake. A report by the National Association of Realtors suggests that over 70 percent of consumers use the Internet in their home search. Electronic commerce should be expected to offer new tools for both consumers and real estate professionals and bring greater transparency to the residential real estate transaction so consumers can make better decisions. The widespread use of information technology and the growth of electronic commerce should also be expected to change the residential real estate marketplace just as it has changed many other areas of commerce, with benefits to both consumers and professionals in the industry.

I am seeking a better understanding of how information technology is being used and applied in various components of residential real estate transactions. I am requesting that the General Accounting Office assess and report on: (1) how the residential real estate transaction is evolving as a result of electronic commerce; (2) any barriers to greater use of electronic commerce in residential real estate transactions; (3) how removal of those barriers could benefit both consumers and real estate professionals; and, (4) how those changes may affect homeownership.

In addressing those issues, I hope that you will examine the issues and questions I have identified below. In particular, please review the role of multiple listing services (MLSs). The MLSs effectively *are* the residential real estate marketplaces — where home sellers provide essential information to buyers. Today all, or virtually all, MLSs appear to provide information about homes for sale in electronic form, yet there appear to be significant limitations on the accessibility of this information. Please review and explain any rules for Internet display of MLS information, and any other relevant regulatory

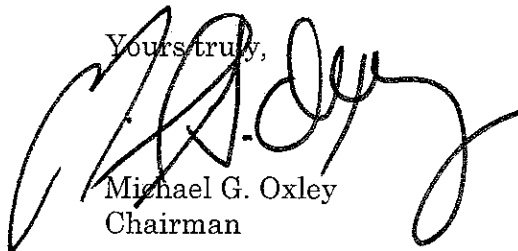
structure. Please determine whether these relationships and regulations are promoting or limiting transparency, competition, and homeownership.

As part of your review, please address the following questions:

1. How does consumer and industry use of information technology in residential real estate compare to the use in other areas of commerce?
2. How could greater use of information technology benefit consumers and residential real estate professionals? Among other things, could it help increase homeownership among lower income or non-English speaking consumers? If it is possible to quantify potential savings to consumers from removing barriers to greater use of electronic commerce in real estate transactions, please do so.
3. What legal or regulatory barriers or self-regulatory practices hinder greater innovation and modernization of residential real estate transactions?
4. Do the MLSs in effect function as the marketplaces for residential real estate?
5. What is the general governance structure, including any governmental oversight or regulation, of MLSs?
6. What are the legal and practical effects of the "IDX" and "VOW" rules adopted by the National Association of Realtors for internet display of MLS information, and what purpose do they serve? Could these rules result in the blocking of legitimate commerce, particularly against certain licensed real estate brokers?
7. What is "Realtor.com" and how does this company generally promote the use of technology by consumers and real estate agents? Is this an IDX or a VOW site subject to the NAR rules?
8. What are the state law obligations of real estate agents and brokers to consumers to promote homes for sale, and how, if at all, are these obligations consistent with restrictions on display of information over the Internet?
9. Has the Internet facilitated the custom of agents representing both the buyer and the seller in the same transaction and, if so, is this good for the consumer?

Your staff may make arrangements to discuss this matter further with Mr. Scott Wilbur of the Committee staff. I appreciate your prompt attention to this request.

Yours truly,



Michael G. Oxley
Chairman